

1 (Whereupon, the following pages
2 are out of in camera.)
3 BY MR. DOSHI:
4 Q Mr. Lounsberry, I'm going ask the previous
5 question again for the public record, if you don't
6 mind.
7 Did you review the Liberty Consulting
8 Group Interim Audit Report?
9 A No.
10 Q Okay. Thank you.
11 Do you have any knowledge of whether
12 uncertainties relating to retention of management in
13 a construction project might slow down work
14 processes?
15 MR. FEELEY: Do you have a reference to his
16 testimony where he testified about that?
17 MR. DOSHI: Let me try to find a reference.
18 I'll withdraw the question.
19 BY MR. DOSHI:
20 Q Could you turn to your rebuttal testimony
21 on Page 15 at Line 391.
22 A Okay.

1 Q The question is, what is your current
2 recommendation regarding Peoples Gas' commitment to
3 complete the AMRP by the end of 2030? And on the
4 following line you say, I continue to recommend that
5 the Commission require the Joint Applicants to
6 reaffirm Peoples Gas' commitment from the 2009 rate
7 cases to complete the AMRP by 2030 using the language
8 I provide below.

9 Do you see that?

10 A Yes, I do.

11 Q Do you believe the AMRP should be
12 implemented by 2030 regardless of what it would cost
13 to meet that completion date?

14 A My recommendation is just based on my
15 reading of the order. I have not based it on
16 anything besides what the order states.

17 Q Thank you.

18 So you did not consider any effect on
19 customer rates of completing it by 2030 or any other
20 date?

21 A No, my recommendations just -- that my
22 reading of the 2009 rate case order indicated that

1 2030 deadline.

2 Q Okay. Thank you.

3 Are you aware that the RFP that
4 solicited the audit that Liberty Consulting Group is
5 now conducting provided that Phase 1 of the audit
6 will, quote, help ensure that Peoples completes its
7 AMRP in the shortest reasonable time and at the
8 lowest reasonable cost?

9 A Was that quote out of my testimony or...

10 Q Actually, that quote was from Mr. Stoller's
11 testimony, Exhibit 15.0 on Page 2.

12 A That sounds correct. I don't know exactly
13 that's -- I don't have the RFP in front of me, so I
14 can't tell you with certainty.

15 Q Okay. Thank you.

16 Would you accept, subject to check,
17 that the RFP states that?

18 A Yes.

19 Q Okay. Thank you.

20 Do you believe that it might be
21 possible that Liberty Consulting Group might make a
22 determination that the shortest reasonable time for

1 completing the AMRP is on a time frame ending after
2 2030?

3 MR. FEELEY: Objection. That calls for
4 speculation.

5 JUDGE DOLAN: Can you read back the question?

6 (Record read as requested.)

7 JUDGE DOLAN: I'll sustain the objection.

8 BY MR. DOSHI:

9 Q Mr. Lounsberry, in the 2009 rate case,
10 Docket No. 09-0166/0167, do you recall that Peoples
11 Gas Witness Marano proposed three alternative
12 completion dates: 2025, 2030 and 2035 in his
13 testimony?

14 A I've read the conclusion of that order. I
15 don't recall if that was discussed in there or not.

16 Q Okay. Thank you.

17 Would you agree that when the
18 Commission approved the 2030 date in that 2009 rate
19 case, it did so within the context of approving Rider
20 ICR that would assist the utility in recovery of AMRP
21 investment costs between rate cases?

22 A My reading of that order was that the

1 Commission determined that Peoples needed to replace
2 the cast iron and ductile iron through the AMRP
3 process or program and as a result, they also --to
4 provide recovery of those costs, they then approved
5 Rider ICR. So I see -- it was the 2030 date came
6 first and then the rider was approved.

7 Q Okay. Thank you.

8 Do you agree that the Staff of the
9 Commission did not perform any separate safety or
10 engineering studies to arrive at its recommendation
11 in the 2009 case that a 2030 completion date should
12 be set?

13 A I agree with that.

14 Q Have you or the Staff performed any safety
15 or engineering study or analysis in this case
16 exploring or establishing that 2030 is an optimal
17 completion date?

18 A No.

19 Q Have you or the Staff conducted any
20 analysis or investigation to determine that 2030 is
21 an optimal completion date in terms of management
22 issues?

1 A I'm not aware of any.

2 Q Okay. Thank you.

3 Have you reviewed the direct testimony
4 of AG Witness Coppola in this case?

5 A I'm sure I've read it at some point.

6 Q Are you familiar with his finding that the
7 projected cost of the AMRP has increased from the
8 originally projected \$2.2 billion to now \$4.6
9 billion?

10 MR. FEELEY: Objection. You know, this is
11 cross-examination of Mr. Lounsberry on his testimony,
12 not an opportunity for Counsel to read in his own
13 witnesses testimony.

14 If you've got a question about his
15 testimony, ask him.

16 JUDGE DOLAN: Can you rephrase it so you can
17 ask him if he's aware of the testimony -- or that
18 aspect of his testimony I should say.

19 BY MR. DOSHI:

20 Q Mr. Lounsberry, are you aware of the aspect
21 of Mr. Coppola's testimony where he found that -- or
22 he -- I'll state it this way --

1 MR. FEELEY: Again, objection. It's beyond the
2 scope of this witness' testimony. If he testified
3 about Mr. Coppola's testimony --

4 JUDGE DOLAN: There's no question pending.

5 MR. FEELEY: I think he did.

6 BY MR. DOSHI:

7 Q Mr. Lounsberry, are you aware that the
8 expected total cost of the program has approximately
9 doubled?

10 MR. FEELEY: Objection. He's not asking this
11 witness -- he's going beyond the scope of this
12 witness' testimony. He's just testifying into the
13 record about certain facts. If Mr. Lounsberry
14 testified about that, he can ask him about that; but
15 if he didn't, he didn't and I don't believe he
16 testified about this. It's beyond the scope of his
17 testimony.

18 MR. DOSHI: Your Honor, I'm trying to establish
19 a foundation as to whether Mr. Lounsberry is aware of
20 allegations made by AG Witness Coppola and then my
21 next question would be if he agrees with the
22 allegations.

1 JUDGE DOLAN: I'll overrule.

2 BY MR. DOSHI:

3 Q Mr. Lounsberry, my question is, are you
4 aware of the allegations made by AG Witness Coppola
5 that the expected lifetime cost of the AMRP has
6 approximately doubled over the last five years?

7 A I don't recall any -- exactly what
8 Mr. Coppola said. I do recall him saying it had
9 increased. I don't remember by what magnitude.

10 Q Okay. Thank you.

11 Have you or any Staff witness
12 conducted any analysis as to whether the proposed
13 merger would impact management of the AMRP in a way
14 that could affect customer rates?

15 A I'm not aware of anything.

16 MR. DOSHI: Okay. Thank you. That's all my
17 questions, sir.

18 JUDGE DOLAN: Do you want time to...

19 MR. FEELEY: Yeah, can we just take a short
20 break.

21 JUDGE DOLAN: Sure.

22 MR. EIDUKAS: You know, your Honor, I did

1 indicate that I had no cross for this witness, but I
2 do think I have a few questions based on testimony
3 that came up during the last examination. It would
4 be very brief and it will not throw off our schedule.

5 JUDGE DOLAN: Okay.

6 CROSS-EXAMINATION

7 BY

8 MR. EIDUKAS:

9 Q Good afternoon, Mr. Lounsberry. My name is
10 Ted Eidukas and I'm one of the attorneys representing
11 Joint Applicant Wisconsin Energy Company in this
12 case.

13 A Good afternoon.

14 Q Mr. Lounsberry, do you have any reason to
15 believe that the Commission's approval of the
16 proposed reorganization this proceeding would have
17 any impact on the staffing levels of the Illinois
18 Commerce Commission Staff?

19 A I'm not aware of any correlation between
20 the two.

21 Q And do you have any reason to believe that
22 the Commission's approval of the proposed

1 reorganization in this proceeding would have any
2 impact on the levels of the ICC's budget?

3 A I'm not aware of any correlation.

4 Q And you were asked some questions regarding
5 Joint Applicants Exhibit 15.1 revised, which is the
6 list of conditions proposed by the Joint Applicants;
7 and in particular, Nos. 9, 10 and 11?

8 A Yes.

9 Q And would you agree that Conditions 9, 10
10 and 11 listed on Joint Applicants' Exhibit 15.1
11 revised involved the implementation or
12 recommendations to be made in the final report of
13 Liberty Consulting Group's Phase 1 audit of the AMRP
14 ordered by the Illinois Commerce Commission in Docket
15 No. 12-05512?

16 A Yes.

17 Q And, Mr. Lounsberry, isn't it true that the
18 questions regarding the implementation of
19 recommendations to be made in that final audit --
20 final report from the Liberty's -- from Liberty's
21 Phase 1 audit of the AMRP are issues that need to be
22 addressed regardless of whether or not the proposed

1 reorganization is approved in this proceeding?

2 A Yes.

3 MR. EIDUKAS: Thank you. I have no further
4 questions.

5 JUDGE DOLAN: Okay. Thank you.

6 MR. FEELEY: If we can have 10 minutes or so.

7 (Break taken.)

8 JUDGE DOLAN: We're going to go back on the
9 record.

10 MR. FEELEY: Judge, Staff has no redirect.

11 JUDGE DOLAN: All right. Thank you,
12 Mr. Lounsberry.

13 THE WITNESS: Thank you.

14 MR. EIDUKAS: Your Honor, at this time, we
15 wanted to admit -- get admitted into record a
16 stipulated Cross Exhibit from the Joint Applicants
17 which is a series of -- it's a set of data request
18 responses from City and CUB. It's marked as Joint
19 Applicants' Cross Exhibit 1. I've already given a
20 copy to the court reporter. This consists of 16 --
21 it's Joint Applicants -- response to Joint
22 Applicants' Data Request CC 22 -- 2.28, 2.32, 2.33,

1 2.50, 2.51, 2.53, 2.54, 2.55, 2.59, 2.62, 2.68, 2.69,
2 2.71, 2.72, 2.74 and 2.79 and it's our understanding
3 that Mr. Reddick has no objection to the admission of
4 this document.

5 MR. REDDICK: We have no objection, your Honor.

6 JUDGE DOLAN: All right. Any objection from
7 any other party?

8 (No response.)

9 JUDGE DOLAN: Hearing none, Joint Applicants'
10 Cross Exhibit 1 will be admitted into the record.

11 MR. EIDUKAS: Thank you.

12 (Whereupon, AG Cross
13 Exhibit No. 1 was
14 admitted into evidence.)

15 JUDGE DOLAN: And you are going to file this on
16 e-Docket?

17 MR. EIDUKAS: Yes, your Honor, I'll file this
18 on e-Docket along with a final set of our -- final
19 exhibit list.

20 JUDGE DOLAN: Okay. All right. Thank you.

21 MR. EIDUKAS: And with that, the Joint
22 Applicants have no cross-examination for the

1 remaining witnesses that we have listed on our
2 schedule, Mr. Cheaks and Mr. Gorman.

3 JUDGE DOLAN: Okay. Miss Lusson, is the AG
4 going to want Mr. Cheaks to come in for the 5 minutes
5 you've reserved?

6 MR. JOLLY: No. That was me, your Honor and
7 given that the cross -- the Joint Applicants waived
8 their cross. I only had a couple clarification
9 questions. I'll waive my cross as well.

10 JUDGE DOLAN: Okay. All right.

11 MR. EIDUKAS: And then, your Honor, there are
12 then a set of witnesses for whom there is no cross
13 that we can, you know, that we can get their
14 testimony submitted via affidavit into the record. I
15 know that from the Joint Applicants, we have
16 Mr. Thomas Webb and the affidavit for him has been
17 filed on e-Docket. Miss Klyasheff is ready to do
18 what's necessary to introduce that into the record.

19 I believe Staff has filed affidavits
20 for three witnesses to be submitted via affidavit on
21 the record. I don't know if -- since we just
22 disclosed the -- you know, development of no cross

1 for some of the other intervenor's witnesses is
2 relatively recent, so I don't know if you had --
3 there was an opportunity to get those affidavits put
4 on the record -- on e-Docket.

5 MS. LUSSON: No, we have not and so we would
6 ask that the record be left open so that we can do
7 that tomorrow and put Mr. Effron's affidavit and
8 submit that to e-Docket.

9 JUDGE DOLAN: I wasn't going to close the
10 record today any way, so that's fine.

11 So you said Mr. Webb, you want to go
12 ahead and do Mr. Webb?

13 MS. KLYASHEFF: Yes. For Mr. Webb, Joint
14 Applicants move for the admission of rebuttal
15 testimony of Thomas J. Webb marked as JA Exhibit 11.0
16 and filed on e-Docket on December 18th 2014; the
17 surrebuttal testimony of Thomas J. Webb marked as JA
18 Exhibit 20.0 filed on e-Docket, February 5th, 2015,
19 and the affidavit of Mr. Webb marked as JA Exhibit
20 21.0 and filed on e-Docket February 19th, 2015.

21 JUDGE DOLAN: Any objections?

22 (No response.)

1 JUDGE DOLAN: Hearing none, then those exhibits
2 will be admitted into the record.

3 (Whereupon, JA Exhibit
4 Nos. 11.0, 20.0 and 21.0 were
5 admitted into evidence.)

6 MR. REDDICK: Your Honor given that no parties
7 have cross for the City witnesses, I'd like to move
8 for admission of their testimony by affidavit. We
9 have not yet had an opportunity to file them, but
10 they will be filed tomorrow. We have them all, they
11 just haven't been filed.

12 JUDGE DOLAN: Okay.

13 MR. REDDICK: For Mr. William Cheaks, Jr.,
14 Mr. Cheaks prepared direct testimony marked City-CUB
15 Exhibit 3.0. His complete direct testimony consisted
16 of that 51 pages of questions and answers along with
17 an appendix to Exhibit 3.0 of eight pages and he had
18 supporting exhibits City-CUB Exhibit 3.0, 3.1, 3.2,
19 3.3, 3.4, 3.5, 3.6, 3.7, 3.8, 3.9, and 3.10. All of
20 these were filed on November 20th, 2014 on e-Docket
21 with the exception of City-CUB Exhibit 3.1 which was
22 filed on November 21st.

1 Mr. Cheaks also prepared rebuttal
2 testimony which is labeled City-CUB Exhibit 7.0 and
3 he has one supporting Exhibit, City-CUB Exhibit 7.1.
4 Those documents were filed on January 15th on
5 e-Docket.

6 Concerning the Liberty Report,
7 Mr. Cheaks prepared two pieces of testimony, one
8 supplemental which was marked City-CUB Exhibit 9.0,
9 which was filed public and confidential versions and
10 a supporting exhibit, City-CUB Exhibit 9.1. He filed
11 in addition responsive supplemental testimony which
12 was filed in confidential and public versions and
13 marked City-CUB Exhibit 10.0. That was filed on
14 January 29th. The original supplemental was filed on
15 January 22nd. His supporting exhibit also filed in
16 confidential and public versions, City-CUB Exhibit
17 10.1 and his testimony affidavit will be marked
18 City-CUB Exhibit 10.2 and filed on e-Docket tomorrow.

19 JUDGE DOLAN: Okay. Why don't we just go with
20 this one to start and we'll go on to the next one.

21 Is there any objections to the
22 testimony of Mr. Cheaks and all his exhibits going

1 into the record?

2 MR. EIDUKAS: No objection, your Honor.

3 JUDGE DOLAN: Okay. All right. Those
4 documents will be admitted into the record.

5 (Whereupon, City-CUB Exhibit
6 Nos. 3.0 through 3.10, 7.0, 7.1,
7 9.0, 9.1 and 10.0 through 10.2
8 were admitted into evidence.)

9 MR. REDDICK: The next witness who will -- who
10 is testimony will be admitted by affidavit is
11 Mr. Michael Gorman, a consultant from BAI. His
12 direct testimony, 30 pages of questions and answers,
13 was also filed in public and confidential versions,
14 City-CUB 4.0 filed on November 26th, 2014. His
15 supporting exhibit, also confidential and public
16 versions, City-CUB 4.1 filed on November 26th as
17 well.

18 His rebuttal testimony is labeled
19 City-CUB Exhibit 8.0, which was filed on e-Docket on
20 January 15th, 2015 and he has two supporting -- one
21 supporting exhibit which is marked City-CUB Exhibit
22 8.1 and his affidavit for the testimony which is

1 marked City-CUB Exhibit 8.2 and that will be filed on
2 e-Docket tomorrow.

3 JUDGE DOLAN: Is there any objections?

4 MR. EIDUKAS: No objection, your Honor.

5 JUDGE DOLAN: All right. Then documents of
6 Mr. Gorman, along with his exhibits will be admitted
7 into the record.

8 (Whereupon, City-CUB Exhibit
9 Nos. 4.0, 4.1, 8.0, 8.1 and 8.2
10 were admitted into evidence.)

11 MR. REDDICK: Our third one is Miss Karen
12 Weigert, a city employee, who filed direct testimony
13 and rebuttal testimony. Her direct testimony is
14 labeled City-CUB Exhibit 2.0, which was filed on
15 e-Docket November 20th, 2014 and she had two
16 supporting -- one supporting exhibit, I'm sorry, 2.1
17 which was also filed November 20th.

18 Her rebuttal testimony was revised and
19 the revised version, which is marked City-CUB Exhibit
20 6.0 revised was filed on January 16th, 2015 and her
21 supporting exhibit, City-CUB Exhibit 6.1 was filed
22 January 15th, the original version.

1 Her testimony affidavit is marked
2 City-CUB Exhibit 6.2 and that will be filed on
3 e-Docket number.

4 JUDGE DOLAN: Okay. Any objections?

5 MR. EIDUKAS: No objections, your Honor.

6 JUDGE DOLAN: All right. Then the documents of
7 Miss Weigert along with her attachments will be
8 entered into the record.

9 (Whereupon, City-CUB Exhibit
10 Nos. 2.0, 2.1, 6.0, 6.1 and 6.2
11 were admitted into evidence.)

12 MR. REDDICK: Our final witness Mr. Christopher
13 Wheat prepared direct and rebuttal testimony. His
14 direct testimony is labeled City-CUB 1.0 with one
15 supporting exhibit, City-CUB 1.1, both filed on
16 e-Docket on November 20th, 2014.

17 And his rebuttal testimony, which was
18 filed in a revised version, City-CUB Exhibit 5.0
19 revised filed on January 16th, 2015 with the
20 supporting exhibits, City-CUB Exhibit 5.1 which was
21 filed on January 15th, 2015.

22 His testimony affidavit will be marked

1 City-CUB Exhibit 5.2 and we will file that on
2 e-Docket tomorrow.

3 JUDGE DOLAN: Any objections?

4 MR. EIDUKAS: No objection, your Honor.

5 JUDGE DOLAN: Hearing none, Mr. Wheat's
6 testimony, along with his exhibits, will be entered
7 into the record.

8 MR. REDDICK: Thank you, your Honor.

9 (Whereupon, City-CUB Exhibit
10 Nos. 1.0, 1.1, 5.0, 5.1 and 5.2
11 were admitted into evidence.)

12 MS. LUSSON: Your Honor, at this time, I'd like
13 to move for admission into the record the testimony
14 of Mr. Effron and as I indicated earlier, we will be
15 filing his affidavit tomorrow on e-Docket.

16 First, I'd like to move for the
17 admission of Mr. Effron's direct testimony, which has
18 been previously marked as AG Exhibit 1.0 as well as
19 his attached Exhibits 1.1 through 1.67 filed on
20 e-Docket on November 20th, 2014.

21 I would also move for the admission of
22 Mr. Effron's rebuttal testimony previously marked as

1 AG Exhibit 3.0 and -- filed on e-Docket on January
2 15th, 2015.

3 And the affidavit that we will be
4 filing tomorrow will be marked as AG Exhibit 3.1 and
5 we would also move for the admission of that.

6 JUDGE DOLAN: Any objections?

7 MR. EIDUKAS: No objections, your Honor.

8 JUDGE DOLAN: Then the documents of Mr. Effron
9 along with his attached exhibits be entered into the
10 record.

11 (Whereupon, AG Exhibit
12 Nos. 1.0, 1.1 through 1.67,
13 3.0, 3.1 were
14 admitted into evidence.)

15 MR. FEELEY: Staff has three witnesses -- the
16 testimony to go in by affidavit. The first is Matt
17 Smith. Mr. Smith's direct testimony has been marked
18 for identification as ICC Staff Exhibit 3.0 as filed
19 on e-Docket on November 20th, 2014.

20 Mr. Smith's rebuttal testimony has
21 been marked for identification as Staff Exhibit 10.0
22 and it has an Attachment A that was filed on e-Docket

1 on January 15, 2015.

2 Mr. Smith's affidavit is marked for
3 identification as Staff Exhibit 10.1 as filed on
4 e-Docket on February 18th, 2015.

5 JUDGE DOLAN: Any objections?

6 MR. EIDUKAS: No objections, your Honor.

7 JUDGE DOLAN: All right. Then the document --
8 the testimony of Mr. Smith, along with his
9 attachments be entered into the record.

10 (Whereupon, Staff Exhibit
11 Nos. 3.0, 10.0, 10.1 were
12 admitted into evidence.)

13 MR. FEELEY DOLAN: The next witness is David
14 Sackett. Mr. Sackett's direct testimony has been
15 marked for identification as Staff Exhibit 4.0 as
16 filed on e-Docket on November 20th, 2014.

17 Mr. Sackett's affidavit has been
18 marked for identification as Staff 4.1 as filed on
19 e-Docket on February 18, 2015.

20 Staff would move to admit that
21 testimony into evidence.

22 MR. EIDUKAS: No objections, your Honor.

1 JUDGE DOLAN: All right. Mr. Sackett's
2 testimony along with his exhibit will be entered into
3 the record.

4 (Whereupon, Staff
5 Exhibit Nos. 4.0 and 4.1 were
6 admitted into evidence.)

7 MR. FEELEY: Staff has one last witness, Alicia
8 Allen spelled A-l-i-c-i-a and then A-l-l-e-n.
9 Miss Allen's rebuttal testimony has been marked for
10 identification as Staff Exhibit 14.0 and it has an
11 Attachment A that was filed on e-Docket on
12 January 15th, 2015.

13 Miss Allen's affidavit is marked for
14 identification as Staff Exhibit 14.1, that was filed
15 on e-Docket on February 18, 2015.

16 MR. EIDUKAS: No objections, your Honor.

17 JUDGE DOLAN: All right. Then the testimony is
18 of Miss Allen, along with Attachment A and 14.1 will
19 be admitted into the record 14.1.

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1 (Whereupon, Staff
2 Exhibit Nos. 14.0 with Attachment A
3 and 14.1 were admitted
4 into evidence.)

5 JUDGE DOLAN: All right. With that we'll be
6 entered and continued generally.

7 MS. HICKS: Sorry. Your Honor, I'm sorry, I
8 didn't get the copies of CUB Cross Exhibit 3 printed
9 out, but I will be filling them via e-Docket tomorrow
10 and I have -- confirmed with Joint Applicants have no
11 objection and Staff has no objection.

12 The specific exhibits that are
13 included in CUB Cross Exhibit 3 are MGM 1.14,
14 MGM 1.15 with attachments and MGM 2.02 and I'll file
15 the CUB Cross Exhibits 1 and 2 on e-Docket as well.
16 So if I could move for the admission of CUB Cross
17 Exhibit 3 pending uploading it onto e-Docket.

18 MR. EIDUKAS: No objections, your Honor.

19 JUDGE DOLAN: All right. CUB Cross Exhibit 3
20 will be entered into the record.
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1 (Whereupon, CUB Cross
2 Exhibit No. 3 was
3 admitted into evidence.)
4 MS. HICKS: Thank you.
5 JUDGE DOLAN: Then with that, we'll be entered
6 and continued generally. Thank you.
7 (Whereupon, the hearing in the
8 above-entitled matter was continued
9 generally.)
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